

DDA 84-2214/1

15 August 1984

MEMORANDUM FOR: Director of Personnel

FROM: Harry E. Fitzwater  
Deputy Director for Administration

SUBJECT: Retirement Plans--Options for Consideration

1. In order to come to some type of an agreement as to our future approach regarding the retirement problem, you are requested to prepare a paper that covers several options for retirement plans. These options will be considered by the EXCOM the first week of September. We hope the results of the EXCOM will provide guidance as to the approach to take in your future planning.

2. In developing the options, you should include plans that cover CIA personnel only as well as options that would apply to all of the Intelligence Community personnel. Each of the options should include pros and cons of adoption. Suggested options to be considered are as follows:

a. Try to maintain the status quo by defending the current Civil Service and CIARDS programs for CIA personnel. There would be no changes in qualifying service or benefits regardless of how the rest of the Government goes.

b. A new CIA program that recognizes CIA's uniqueness and provides for more benefits than the rest of the Government would receive under new legislation. This could be a two-tiered program as currently in use, except steering away from the Civil Service system used by the rest of the Government.

*Any sep. for decision  
must be made  
prior to 1984  
- Difficult  
Not likely to  
be brought by  
Congress*

c. A special plan for the Community that recognizes the Intelligence Community as something special. This would provide for better benefits than the rest of the Government will receive.

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d. A special Community plan that is two-tiered, such as CIA has today, but with higher benefits, i.e., 2 percent of high three for those not qualifying for the second tier and 2.5 percent for the second tier (a CIARDS type tier).

e. A Community plan that has three tiers. First tier would be the same system as used by Agriculture, Social Security, etc. Second tier would be for all those who must be subjected to all the restrictions experienced by employees of CIA, i.e., 15-year background investigation, polygraph, reinvestigation program, restrictions in discussion of work, etc.; and the third tier would require the qualifications used in qualifying for CIARDS.

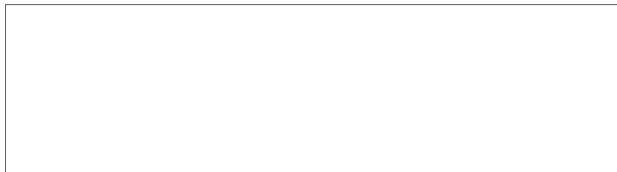
f. A plan that is two-tiered where those not qualifying for CIARDS go with the rest of the Government. Those qualifying for CIARDS receive special benefits.

3. The reason for looking at a Community approach is that there may be some benefit in numbers when trying to prevent the Agency from being absorbed in the new Civil Service legislation. We know that the Community will be aware of any CIA plan as soon as it is proposed to Congress and the Administration. It is obvious that the Community will try to get on the bandwagon so it may be easier and more productive to bring them aboard initially.

4. In any of the plans consider supplemental annuity programs such as 401K and larger IRA's. Also, extra annuity for retiring under cover, possibly instituting mandatory retirement, etc.

5. Please give these options some thought, plus any others you may wish to add, and give me a paper by the latter part of August. Do not worry about detail but give us a general idea of the plan. If you would like to discuss this before launching your staff work, I am available.

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Harry E. Fitzwater

cc: EXDIR

EXCOM Consideration of Retirement Plans

Based upon the Hay Associates recent study on retirement options for the Agency, this paper provides four options for consideration by Agency management. While we may ultimately have to consider cost-saving features for these options, our initial focus has been to identify alternatives regardless of cost.

All options could contain the following ingredients:

- A) Two levels of enhanced benefits--one for "CIARDS-type" employees and one for "CSRS-type" employees. Enhancement could include such things as increasing accrual rates from the current 2% to 2 1/2% for "CIARDS-type" employees and to a flat 2% for "CSRS-type" employees.
- B) A fall back position in each alternative would be to maintain the existing two levels of benefits (2% for CIARDS and 1.85% for CSRS) if enhancement not feasible.
- C) Retention of age and eligibility criteria of existing CIARDS and CSRS.
- D) Inclusion of an optional thrift plan, 401K-type of investment program with matching Government contributions..

An enhanced level of benefits would improve our competition in recruitment and retention efforts and provide greater recognition of CIA on a level already accorded law enforcement officers, fire fighters, etc. Such action would not be without increased costs, however, and would most probably run into stiff resistance from the Congress and the Administration. Offsetting reductions in other areas such as COLAs, high-three to high-five, etc., may be required to enhance or maintain current benefit levels as well as age and eligibility requirements.

It is important to keep in mind that any options must integrate Social Security for employees hired after 31 December 1983, which will be a major part of the overall retirement effort. However, for purposes of this paper, the focus is on possible courses of action rather than mechanical details to achieve desired benefit levels.

OPTION 1 -       SEEK LEGISLATION TO ESTABLISH A SEPARATE AGENCY-MANAGED RETIREMENT SYSTEM THAT WOULD INCLUDE ALL CIA EMPLOYEES (INCLUDE ALL CURRENT CIARDS AND CIVIL SERVICE PARTICIPANTS AS WELL AS ALL EMPLOYEES HIRED AFTER 31 DECEMBER 1983).

- PRO:
- ° Independent DCI-managed system covering all Agency employees would provide a system fully responsive to the special needs of CIA.
  - ° This is "most preferred" option which would provide CIA management with the strongest possible system as regards full compatibility in the recruitment and retention of the quality of the work force considered essential to meeting the Agency's mission.
  - ° Places oversight with Congressional intelligence oversight committees.
  - ° Increases security protection of identities of all CIA personnel.
  - ° Provides additional protection from general legislation directed at changes to the Federal retirement systems which might be incompatible with Agency's special requirements.
  - ° Reaffirm unique and demanding circumstances of clandestine service operations and support and recognition of the special needs of the CIARDS employee group.
  - ° Provides appropriate enhancement of benefit entitlements for employees who qualify for CIARDS participation at rate levels comparable to current Civil Service law enforcement, fire fighters, etc.
  - ° Recognition that Civil Service employment in CIA is clearly distinguishable from normal Government Civil Service.

- CON:
- ° Strong Congressional and Administration resistance must be expected for any proposals that would increase or maintain current levels of benefits and costs. Strong and convincing arguments must be presented to generate the level of support needed to overcome this resistance.

OPTION II -

SEEK LEGISLATION TO ESTABLISH A CIA-MANAGED RETIREMENT PLAN COVERING ALL CIA EMPLOYEES HIRED ON OR AFTER 1 JANUARY 1984 (INCLUDES BOTH CSRS AND CIARDS LEGISLATION AS REQUIRED TO MAINTAIN EQUITY BETWEEN EXISTING AND NEW RETIREMENT PLANS.)

Under this option OPM would retain responsibility for retirement administration for CSRS employees hired prior to 1 January 1984. CIARDS-types hired prior to 1 January 1984 remain the responsibility of CIA as well as all employees hired on or after that date.

- PRO:
- Would bring all future employees under an independent DCI-managed system supportive of special needs of CIA.
  - Would place oversight with Congressional intelligence committees of current CIARDS and all future employees.
  - Increase security protection of identities of future Agency employees.
  - This option may respond directly to probable Congressional intent to consider only retirement plans applicable to new and future employees.
- CON:
- CSRS employees hired prior to 1 January 1984 retained under the regular OPM-administered Civil Service system would be subject to future legislative changes in the existing Federal Civil Service system at large. This could result in inequities between the "old" and "new" CIA Civil Service work force.
  - As in the case of Option I, strong Congressional and Administration resistance must be expected for any proposals that would increase or maintain current levels of benefits and costs. Since new retirement plans to supplement mandatory Social Security coverage of new employees must be established in 1985, Congress will be receptive to consideration of proposals such as Option II even though objections may be raised as to levels of benefits.

OPTION III-

SEEK:

1. AMENDMENT TO CIARDS ADDING A SUPPLEMENTAL PLAN TO COVER FUTURE CIARDS PARTICIPANTS.

2. SPECIAL PROVISIONS FOR CIA CIVIL SERVICE-TYPES IN GENERAL GOVERNMENT-WIDE SUPPLEMENTAL PLAN.

Under this option, OPM would retain responsibility for all CSRS employees regardless of when hired. CIARDS-types would remain the responsibility of CIA.

PRO:

- Retains management of all current and future CIARDS employees under DCI legislative jurisdiction.
- Establishes recognition and special consideration for CIA Civil Service-type service comparable to existing special consideration for law enforcement officers, fire fighters, and other such categories of Federal CSRS employees.
- Congressional receptivity for an independent DCI-managed retirement plan for all future CIARDS employees can be expected to be favorable.

CON:

- DCI legislative jurisdiction would not be extended to CSRS-type employees.
- Retention of CIA Civil Service employees under the general Federal CSRS "special provision" category makes them vulnerable to future CSRS legislation which may not be compatible with CIA's best interest.
- Inclusion of CIA's CSRS-types under special provisions of the general Federal supplemental retirement plan will require strong justification to gain Congressional support.

OPTION IV -       SEEK LEGISLATION TO ESTABLISH A DCI-MANAGED RETIREMENT PLAN THAT WOULD INCLUDE THE INTELLIGENCE COMMUNITY (IC) IN A COMMUNITY-WIDE RETIREMENT SYSTEM.

PRO:           ◦ Would provide recognition and special consideration of any unique circumstances of IC elements.

CON:           ◦ Except for CIA, IC components are sub-elements of larger organizations (DoD, State, FBI, etc.). An IC program would require legislation that transcends existing special retirement provisions of these organizations; coordination and approval among several Congressional oversight committees would be required.

◦ Attempts to co-mingle CIA and the rest of Community could jeopardize already recognized unique requirements for CIARDS and the Agency's efforts to justify overall CIA requirements.

◦ Difficulties can be expected in developing justification of uniqueness in the varied circumstances of "non-CIA" work force elements.

◦ Extremely difficult to administer.

If Option IV is selected, there are numerous possibilities as to who is covered at different benefit levels. Suggested possibilities are:

A. Establish two employee coverage categories, each with their own level of benefits and retirement eligibility criteria.

1. IC personnel who meet CIARDS criteria (overseas service, etc.) would be eligible for CIARDS-type benefits.

2. All others would receive CSRS-type benefits.

B. Establish three employee coverage categories, each with their own level of benefits and retirement eligibility criteria.

1. IC personnel who meet CIARDS criteria would be eligible for CIARDS-type benefits.

2. IC personnel who work under conditions requiring polygraphing, periodic background investigations, restrictions on personnel and social activities, etc., would be provided present CSRS-type benefits.

3. All other IC personnel categories would be subject to the benefits enacted for Federal CSRS employees hired after 1 January 1984.

Note:

- ° Some elements of the IC such as the FBI currently enjoy a higher annuity computation rate than CIARDS.



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## BRILLER'S DISCUSSION NOTES

Current Status of Congressional and the Administration's Efforts  
on Supplemental Retirement and Consideration of Possible Changes  
to Existing Retirement ProgramsThe Administration

- The Office of Personnel Management recently contracted with a private consulting firm to undertake studies of their own along the same general lines of the Congress, but have indicated, in addition to the focus on supplemental plans, the intent to examine possible reforms of the current Civil Service program as well.

The Senate

- The Senate Subcommittee on retirement continues to focus on gathering information and research of information of private and non-Federal public sector pension plans in the context of comparisons with the existing Federal Civil Service retirement programs.
- The Senate has held two informational hearings intended to be educational for committee members and have featured presentations by representatives from private corporations, pension consulting firms, State Government, and a union. Three more similar informational hearings are scheduled for April, May, and July 1984.
- Within the next two or three months the Senate can be expected to begin to focus on various alternatives on the structure and substance of the supplemental plan.
- Selection of some alternatives relative to the basic plan design may begin to emerge as early as May 1984.
- Definitive legislative proposals are not expected until after January 1985.

The House

- The full retirement committee of the House is also currently engaged in information analysis and research of non-Federal sector pension plans with comparisons of the provisions of the current Federal retirement systems.
- The House has held five informational hearings which have featured presentations by Hay Associates on private sector plans, testimony by the Director, OPM and presentations by the major Federal unions and other Federal employee groups.

- At this time at least, the House is not planning to hold any additional informational hearings until the spring of 1985.
- Congressman Ford, Chairman of the House Committee announced on 1 March 1984 that his committee's budget has been reduced which he stated could result in extension of the study phase of the House effort into 1985.
- The House is, however, expected to focus on various alternatives on the design and substance of a supplemental plan in the Fall with definitive proposals firming up after January 1985.

## BRIEFER'S DISCUSSION NOTES

### Early Perceptions of the Administration's and Congressional Orientation Regarding Future Retirement Program Coverage

#### The Administration

- ° Administration spokesman (Director of the Office of Personnel Management) holds strong views that current Federal retiree benefits are too generous and governmental costs are excessive. These views also generally apply to future supplemental program coverage for new Civil Service employees.
- ° The Director of OPM has, however, stated that special provisions must be provided in future supplemental plan coverage for special categories of employees such as the FBI, fire fighters, CIA, Foreign Service, and similar groups.

#### The Senate Subcommittee

- ° The Senate Subcommittee can be expected to generally share and be receptive to the Administration's views on many aspects of the Federal retirement issue, particularly as regards reducing the existing cost to Government.
- ° Based upon briefings by a key aide working with the Senate Subcommittee, the Senate is:
  - Oriented toward the need to reduce Government costs for retiree benefits and disposed toward extension of eligibility ages for full benefits. Early retirement option would be provided but would probably require penalty reductions.
  - Intends to consider special provisions within a general Government-wide plan, to provide earlier than normal retirement eligibility and different benefit levels for law enforcement, fire fighters, and other special category employees.
  - Already inclined toward designing a supplemental plan composed of a modest defined (guaranteed) annuity plan coupled with a voluntary contribution (thrift) plan to augment basic benefits provided by Social Security.
- ° A Senate source has stated that in the near future Senator Roth, Chairman of the Governmental Affairs committee is planning to move oversight from the subcommittee to his full committee level.

- Senator Roth is portrayed as being more inclined toward support of the Administration's views than Senator Stevens who, while influenced by the Administration is considered to be "pro" Federal employee.

#### The House Committee

- The House, based upon statements by Congressman Ford, Chairman of the House committee, clearly indicate support for sustaining the primary provisions (eligibility, benefit levels, etc.) of existing Federal retirement systems and has stressed the need for future compatibility in the provisions of future supplemental coverage.
- The House committee is openly "pro-Federal employee" and has disagreed with the Administration's perception that Federal retirement benefits are too generous.
- The House is disposed toward use of "total compensation" comparisons with private sector benefits (pay, insurance coverage, and pension) which according to their data shows Federal employees at a disadvantage in most compensation and benefit areas.
- At the 15 March 1984 hearings, Chairman Ford challenged representatives from Federal employee and retiree organizations to get some fire in their proposals and not to be too willing to accept the status quo. He stated that the opportunity is available now to improve Federal retirement systems to meet today's needs.
- In the long run, cost to Government will be a weighty consideration on the House side as proposals are considered.

VOCABULARY

Defined Benefit Plan

Defined Contribution Plan

Capital Accumulation (thrift) Plan

Combined Funding

Replacement Income Rate

Accrual Rate

Indexing (COLA)

Percentage of Payroll (overall cost)

Portability

Front-End Loading

Social Security Tilt

Funded vs. Unfunded Liability

OBJECTIVES

Young, Vigorous Work Force

Recruit and Retain Employee for a  
Full Career

Management Flexibility

Security

Reasonable Costs

Equitable Treatment of all  
Employees

DESIGN (Building Blocks)

- ✓ Eligibility Conditions (age & service requirements)
- ✓ Accrual Rates
- ✓ Social Security Integration
- ✓ Percentage Contribution Rate
- ✓ Survivor Benefits
- ✓ Disability Benefits
- ✓ Thrift Plan Option
- ✓ High 3 vs. High 5 Computation
- ✓ COLA Indexing
- ✓ Cost

## VOCABULARY

### Defined Benefit Plan (DBP)

A retirement plan design that establishes specific employee/employer contributions with a level of benefits upon retirement that are guaranteed by the employer.

The employer pays any additional costs needed to pay off future annuities at the promised level. Current CIARDS and CSRS use defined benefit plans.

A DBP permits definitive advance retirement planning based upon knowledge of future annuity levels.

### Defined Contribution Plan (DCP)

A retirement plan design that establishes specific employee/employer contributions with a level of future benefits based only on what the investment of contributions has purchased. Since annuity levels are not guaranteed, the employer is not obligated to provide any additional funding.

This type of plan weakens the capacity for definitive advance retirement planning since future annuity levels cannot be predicted.

### Capital Accumulation (Thrift) Plan (CAP)

A CAP is a supplementary contribution plan to augment the annuity produced by the basic retirement system plan.

CAPs are usually offered for optional participation by employees with or without full or partial matching contributions by the employer.

CAP employee voluntary contributions typically run from 2% to 6% of salary with employer matching 50% of the employee contribution.

### Combined Funding

There are elements within both the Senate and House who can be expected to support integration of the future supplemental plan funding with existing Federal civilian retirement funding on the premise that this will assure the future integrity of the existing retirement systems. In fact, statutory requirements assure the future integrity of current systems through future appropriations as required to pay defined benefits.

Combined funding of CIA's total annual retirement requirements within the Office of Personnel Management's Government-wide appropriations would "low profile" the Agency's funding requirements. Separate administration and accountability of annual allocations for CIA's Civil Service and CIARDS funds could be handled internally within the Agency.



### Replacement Income Rate (RIR)

The RIR is the percentage of final working year (or average of high three years, etc.) income that is replaced by the annuity when an individual retires.

Retirement income rates should be high enough to produce post retirement income levels for retirees that are sufficient to permit reasonable maintenance of pre-retirement life style.

### Accrual Rate

The percentage of average annual salary (final annual, high three or high five) multiplied by the number of years of service to determine the percentage of working income that is to be replaced by the annuity.

Example - 2% accrual rate of the average of the high three annual salary multiplied by 25 years of service provides a 50% replacement rate of the high three average salary.

### Indexing (COLA)

Increase of annuity levels relative to the amount of inflation in the previous year. Full indexing would provide increases equal to the full inflation level.

Most good private sector plans tend to provide ad hoc partial indexing to offset impact of inflation.

Current Federal civilian retirement systems are now fully indexed but are subject to temporary provisions limiting the percentage of indexing or delay of effective dates for COLAs.

### Percentage of Payroll (Cost)

Costs relative to retirement system contributions are portrayed in terms of percentages of the work force payroll. In the case of the Federal Civil Service system, the Government, in addition to employer/employee matching contributions, contributes payments to cover costs attributable to military service, increased benefits attributable to pay increases since 1969, and interest payments on the unfunded liability to keep the unfunded liability from growing.

### Portability

Employees participating in Social Security carry their creditable "covered" service to any employer required to carry Social Security. Similarly, most voluntary contributory "thrift" plans provide some form of portability for continued coverage under other plans of the carrier should a participant leave the services of the initial employer.

### Front-End Loading

A methodology to provide for scheduling higher percentages or amounts of retirement plan annuity payments for the period between early retirement

and eligibility for Social Security payments. When Social Security payments are payable, the benefit payments of the retirement plan would drop and be replaced by Social Security benefits to maintain the same level of continued income.

### Social Security "Tilt"

Social Security is a national social welfare insurance plan designed to supplement retirement income rather than a retirement system per se.

The benefit computation formulas are designed to redistribute contributions in the fund to provide a basic level of income to low income people that is higher than earned and lower benefits than earned by higher income individuals.

This "tilt" in the distribution of benefits also is applied to provide higher benefits without additional cost to married couples, families with dependent children, etc.

### Unfunded Liability

Unfunded liability is the cost of a retirement system that is not funded from past contributions or other funding sources.

The current Civil Service system unfunded liability resulted from such things as insufficient Government funding of the system for many years, COLA increases, crediting years of military service for which no contributions were made, etc.

Under current statute, the U.S. Government is the guarantor to assure that benefits earned under the provisions of the current Civil Service and CIARDS systems will be paid to participants in these systems.

### Full Funding

A fully funded system is one where sufficient money is invested now so that principal and earnings will be sufficient to pay all future expenses of benefits for the present work force.

Both the Civil Service and CIARDS systems are, by statute, fully financed systems and are not "fully funded" systems. Fully financed systems require the identification of sources of funding that will be used to pay all future expenses of benefits for the present work force.

### Eligibility Conditions

This generally reflects the Age and Length of Service requirements to be eligible for a retirement annuity. The current requirements for voluntary retirement for CIARDS and CSRS have been effective in allowing the Agency to recruit and maintain a young and vigorous work force. Thus we want to continue existing conditions which are:

CIARDS: Age 50 with 20 Years of Service  
CSRS: Age 55 with 30 Years of Service

### Accrual Rates

The accrual rate is the percentage credited for each year of Government service. This percentage times the high-3 average salary times the number of years of service equals the annuity.

Example: For CIARDS - 2% accrual rate of high-3 average salary time 25 years of service provides a 50% replacement of the high-3 average salary.

Current Accrual Rates Are: CIARDS: 2%  
CSRS: 1 1/2% for first five years  
1 3/4% for second five years  
2% for all years over ten

Our goal is to get enhanced benefits by increasing the accrual rate for CIARDS to 2 1/2% and for CSRS to a flat 2%.

### Social Security Integration

A key question in designing the new retirement plan is: To what degree do you integrate it with Social Security? Social Security is designed not only to provide retirement income based on salary earned while working, but also to provide a minimum level of retirement income for all employees. The Social Security benefit provides a much higher percent of pay for low-paid employees than those who are high paid. It also provides even higher benefits for a married individual in these categories. We must then consider the extent to which this tilt of the Social Security benefit should be offset by the annuity plan formula.

The potential effects of the portability aspects of Social Security must also be considered in designing the new plan. Employees participating in Social Security carry their creditable "covered service" to any employer required to provide Social Security coverage (now almost universal). Social Security thus provides the portability to facilitate movement between employees. Present Civil Service or CIARDS only provides portability within the Federal sector.

## RELATIVE REPLACEMENT RATES FOR 30 YEAR CAREER CIARDS AND SOCIAL SECURITY

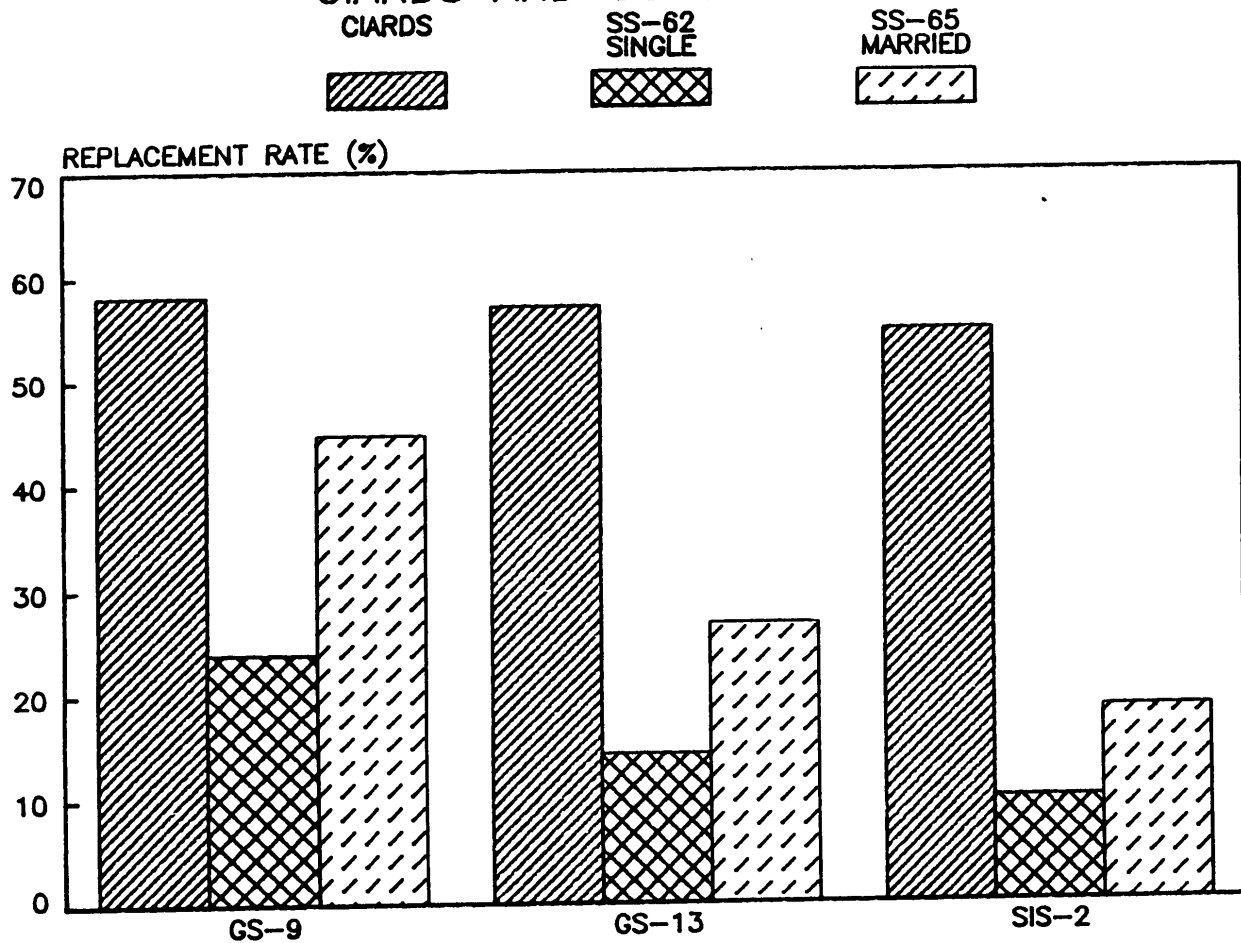


CHART 3

### Percentage Contribution Rate

The percentage of salary that employees must contribute toward their retirement. For employees hired prior to 1 January 1984 this rate is currently 7% which goes toward CSRS or CIARDS as appropriate. For employees hired after 1 January 1984 the rate is 6.7% in 1984 and 7% in 1985 with 5.4% (5.7% in 1985) going towards Social Security and 1.3% to CSRS. The latter is a temporary measure pending the development of the new retirement system for employees hired after 1 January 1984.

The contribution rate in the new plan must be reasonable (close to current rates) to ensure continued achievement of recruitment and work force objectives.

We cannot at this time determine what this rate will be. Parameters may range between the 5.7% required for Social Security up to 9% which would include, in addition to Social Security, contribution to the retirement plan.

### Survivor and Disability Benefits

Our goal is to retain the current Survivor and Disability benefits in the new plan. Example:

#### Survivor

##### 1. Conditions -

- (a) The decedent must have been an employee or an annuitant who either elected a reduction or is mandatorily required to take a reduction for a survivor spouse.
- (b) Children's benefit are payable even without a reduction. Children must be under age 18, or under age 22 if a student, or disabled.

##### 2. Benefit -

- (a) Spouse of employee - 55% of general formula with minimum of 22% of salary base for most survivors.
- (b) Spouse of annuitant - 55% of portion of the annuity on which reduction is taken.
- (c) Children - \$2,712 per year per child up to three children. This amount is increased by the cost-of-living formula.
- (d) Former Spouse - If divorced after 15 November 1982, benefits payable per court order or spousal agreement are pro rated in accordance with legislation.

#### Disability

- 1. Conditions - Unable to perform useful and efficient service as a result of disability after 5 years of service.
- 2. Benefit - General formula with minimum of 40% of base salary for most employees.

The definition of benefits differ significantly between the current retirement systems and Social Security (too numerous to mention). The new plan must adequately define these benefits to ensure consistent coverage between the old and the new.

#### Thrift Plan Option (Voluntary Option)

A thrift plan is a supplementary contribution plan to augment the annuity produced by the basic retirement system. Thrift plans are usually offered for optional participation by employees with or without matching employer contributions.

Employee contributions typically run from 2% to 6% of salary with the employer matching 50% of the employee contribution.

Consideration has to be given as to what amount (parameters) will be incorporated into the thrift plan option.

#### High-3 versus High-5 Computation

CIARDS and CSRS annuity formulas use the highest three years average salary as a base for computing the earned retirement annuity. We feel this is still a valid requirement in context of the total overall new plan.

#### COLA/Indexing (Full vs. Partial)

Indexing is an increase of annuity levels relative to the amount of inflation in the previous year. Full indexing provides increases equal to the full inflation level.

There is a need to develop some degree of protection against inflation after retirement. In theory, a level of income that is considered reasonable at retirement should be indexed to guarantee a consistent standard of living after retirement. Social Security is fully indexed. We feel full indexing is necessary in the design of the new program.

#### Cost

The overall costs of the new plan may ultimately be the controlling factor in our ability to introduce new or enhanced benefits. We will eventually have to decide how much we can justify. Our judgement is we should try for enhancements even given the increased cost factor.

SINGLE CIA RETIREMENT PLAN

PROVISIONS	CURRENT CIARDS	POST-1983 CIARDS	CURRENT CIVIL SERVICE	POST-1983 CIVIL SERVICE
Eligibility Conditions	50 W 20 YRS		55 W 30 YRS	
Accrual Rates	2 1/2%		2%	
Social Security Integration	<u>NO</u> Convert to S.S. Sup. Plan (Optional)	<u>YES</u> Required	<u>NO</u> Convert to S.S. Sup. Plan (Optional)	<u>YES</u> Required
Percentage Contribution Rate	To Be Determined 5.7% to 9% Depends on Cost Requirements/Legislation		To Be Determined 5.7% to 9% Depends on Cost Requirements/Legislation	
Survivor Benefits	Same As Current		Same As Current	
Disability Benefits	General CIARDS Formula 40% Minimum		General CSRS Formula 40% Minimum	
Capital Accumulation (Thrift) Plan	Voluntary Contribution With Possible Government Matching		Voluntary Contribution With Possible Government Matching	
Computation Base	High-3		High-3	
COLA	Full Indexing		Full Indexing	

## Government Cost

(% of Payroll)

	<u>Current Benefits</u>	<u>Preferred Plan</u>	<u>25% COLA Reduction</u>
CIARDS	50%	64%	42%
CSRS	28%	30%	26%
Weighted Average	40%	49%	35%



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